January 20, 1990

The Honorable John Danforth
United States Senate
St. Louis District Office - Old Post Office
815 Olive Street - Room 228
St. Louis, Missouri 63101

Dear Senator Danforth:

Thanks very much for the chance to discuss the concerns raised by your constituent, Mr. Bruce Ring, in his letter to you of December 27, 1989.

In previous correspondence concerning Mr. Ring, I explained that Fannie Mae had made a preliminary evaluation of properties based on a package submitted on Mr. Ring's behalf by the lender First Interstate Mortgage. The Regional Office determined that it could not finance five of the seven properties because there physical condition was not satisfactory and several appeared uninhabitable. I also stated that the lender had relayed this decision to Mr. Ring, and offered to submit a formal application to Fannie Mae, based on appropriate financial information. However, First Interstate told our staff that it had not received that information from Mr. Ring by the time we responded to your initial inquiry (December 4, 1989).

Mr. Ring's second letter complains that First Interstate Mortgage in August, 1989 did not submit a formal loan application to Fannie Mae, but instead made a preliminary inquiry. He states as well that the official he dealt with at First Interstate led him to form the impression that a formal application would be submitted. Mr. Ring also states his general concern that his projects may not be "getting a fair review by the mortgage lenders" and his concern that Fannie Mae's regional staff will not service his projects absent added intervention by your office.

I want to start by addressing Mr. Ring's final comment. Because his letter focuses exclusively on problems he ascribes to First Interstate, I am very disturbed that he has concluded that our regional staff is at fault.

As an investor rather than a lender, Fannie Mae does not solicit business from developers nor deal directly with borrowers/ developers. Rather, we review the loan applications which lenders submit to us as recommended for investment and in conformance with our underwriting guidelines. In the matter involving Mr. Ring, the lender never submitted a formal application following our preliminary evaluation of the properties. However, as I stated in my earlier reply to you, our regional staff stands ready to review a completed application proposal on a specific property that meets appropriate physical standards and financial criteria. Our regional staff informs me that they have had no further contact with Mr. Ring, or any lenders on his behalf, since our response to you in December. We regret that we cannot proceed further without a formal loan application.

Because much of Mr. Ring's letter deals with apparent misunderstandings between himself and First Interstate staff, he may feel more comfortable exploring his proposals with other lenders. If that is the case, our regional staff would be happy to provide him a list of lenders experienced in doing multifamily business with Fannie Mae. If Mr. Ring would like to discuss this, he should contact Joe Marsh, Investment Officer, (214/770-7592) or Gene Glaser, Senior Investment Officer, (214/770-7593) in our Dallas office.

I hope this has been helpful in resolving your concerns about Mr. Ring's inquiries. Please feel free to call if I can be of any further assistance.

Sincerely,

/s/ Bill Maloni

WRM/jb

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

Cause No. 90-519-C (4)

BRUCE RING,
Plaintiff,

v.

FIRST INTERSTATE MORTGAGE, INC.
and
FEDERAL NATIONAL MORTGAGE ASSOCIATION,
a corporation,
Defendant.

ORDER

After meeting with all counsel of record, the Court orders that this case be held in abeyance for 90 days to allow plaintiff time to formally submit application to defendant Federal National Mortgage Association (Fannie Mae) on each of the properties involved in this action.

IT IS FURTHER ORDERED that plaintiff is to submit a written status report with this Court within 30 days.

IT IS FURTHER ORDERED that defendant Fannie Mae shall also submit a written evaluation in response to plaintiff's applications within 30 days of the receipt of plaintiff's applications.

IT IS FURTHER ORDERED that plaintiff's motion for injunction relief is denied.

IT IS FURTHER ORDERED that all discovery is stayed pending receipt and review of these materials from both parties.

Dated this 10 day of August, 1990.

Clyde S. Cahill
United States District Judge